

**Notice of Funding Availability (NOFA)**

**JOE SERNA, JR. FARMWORKER HOUSING GRANT  
PROGRAM**

**(SERNA PROGRAM)**

**2005-2006 Funding Round**

**September 6, 2005**

State of California  
Department of Housing and  
Community Development

**2005-2006 FUNDING ROUND**  
**NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**JOE SERNA, JR. FARMWORKER HOUSING GRANT PROGRAM**  
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**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE****Joe Serna, Jr. Farmworker Housing Grant Program**

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**NOTICE OF FUNDING AVAILABILITY (NOFA)****JOE SERNA, JR. FARMWORKER HOUSING GRANT PROGRAM****PROPOSITION 46  
MIGRATORY AGRICULTURAL WORKER COMPONENT  
[Health & Safety Code Section 53533(a)(4)(A)]****September 6, 2005****A. Introduction.**

The California Department of Housing and Community Development (HCD) is pleased to announce that it is accepting applications under the Joe Serna, Jr. Farmworker Housing Grant Program's (Serna Program) **Migratory Agricultural Worker** Component (the "Program"). This Notice of Funding Availability (the "NOFA") is for **Eight-million One hundred Fifty-nine thousand (\$8,159,000.00)** (the "Program Funds"), to be funded from the proceeds of bonds authorized by the voters in November, 2002, under Proposition 46. The authority for this specific "set-aside" may be found at California [Health & Safety Code Section 53533\(a\)\(4\)\(A\)\(ii\)](#).

**B. Authority and Purpose of Program**

The Program and this NOFA are subject to the requirements of [Health and Safety Code Section 50517.5\(a\)](#) and [50517.10](#) (the "Program Statutes") and [California Code of Regulations, title 25, section 7200](#) et seq (the "Program Regulations"). An eligible use of funds includes, but is not limited to, Program Funds to develop migrant centers under Health and Safety Code section 50710 et seq., and California Code of Regulations, title 25, section 7600 et seq.

To the extent that there is any conflict between the sections referenced above and Health and Safety Code section 50517.10, Health and Safety Code section 50517.10 shall prevail.

Proposition 46 specifies that the definition of "migratory agricultural workers" shall be as defined in the Department's Office of Migrant Services Regulations, found at Section 7602(i) of Title 25 of the California Code of Regulations and as found below in this NOFA.

Applicants are advised to fully familiarize themselves with these statutes and regulations.

The purpose of the Program is to provide loans or grants for the construction and rehabilitation of rental housing for migratory agricultural workers and their households and for other related costs as detailed below.

**All funds awarded under the NOFA must be used to assist migratory agricultural workers.**

### **C. Application Due Dates**

Applications for this funding round will be considered on an “**over-the-counter**” basis until available funds are exhausted. Applications will be accepted **beginning at 8:00 A.M., Pacific Standard Time, on Monday, November 7, 2005 and until 5:00 P.M., Pacific Standard Time, Friday, April 28, 2006** or until such time that the Department determines that it has received a sufficient number of applications to reasonably use all funds currently available.

### **D. Program Changes.**

It is the intent of this NOFA to provide flexible financing for projects that serve migratory agricultural workers and to fund projects that utilize innovative, cost-effective housing that is affordable, durable, and low-maintenance. In order to facilitate this goal the following Program changes have been made for projects awarded funds under this NOFA only:

- The funding match requirement will be waived for qualified projects if required to achieve fiscal integrity.
- Agricultural Employers are eligible applicants and may receive no-interest deferred payment loans (See Section G for details).

### **E. NOFA Outreach and Application Workshops**

The Department will conduct informational meetings open to all persons interested in learning more about accessing these funds, along with application workshops to provide guidance on completing an application. Dates and times for the workshop meetings will be posted on the Department’s website on or about September 16, 2005. Please check the Department’s website at <http://www.hcd.ca.gov/ca/fwhg> or call (916) 322-6488 if you are interested in attending a workshop meeting.

### **F. Maximum Loan and Grant Limits**

- 1) Acquisition and Acquisition/Rehabilitation projects: One Million Dollars (**\$1,000,000**).
- 2) New construction projects: Three Million Dollars (**\$3,000,000**).

**The Department reserves the right to reduce the requested amount of funding for any given project, based upon Staff’s analysis of proposed financing and the amount of funding available to the Program.**

### **G. Eligible Applicants**

Local public entities, non-profit entities, limited partnerships, agricultural employers, or joint ventures of agricultural employers and local public entities or non-profit entities are eligible to receive loans or grants under this NOFA.

Agricultural Employers must assume responsibility for paying or securing the operating costs of the migrant housing assisted pursuant to this NOFA in order to be eligible to receive a loan. (See Section J

below for terms on loans made to Agricultural Employers). Agricultural Employers who are not a party to a joint venture with a nonprofit entity or local agency are not eligible to receive Grant funds. An Agricultural Employer is not a farm labor contractor and is an employer of migratory agricultural workers.

#### **H. Eligible Use of Funds.**

Program Funds made available through this NOFA may be used for most costs related to rental housing development, including redevelopment, acquisition, rehabilitation, land purchase, options to buy land, professional services, permits and application fees and bonding, site preparation, water, sewer, and associated infrastructure development, improvements to common areas, reasonable consulting fees, permanent financing and reserves.

#### **I. Ineligible Use of Funds**

Loan or grant funds may not be used for a recipient's administrative costs, except those directly related and necessary to a recipient's implementation of its responsibilities in connection with the loan or grant, as determined by the Department. No part of Program Funds may be used for project organization or planning for the housing development [[Cal Code Regs., title 25, section 7206\(b\)](#)]. It is the Program policy that Developer Fees are considered organizational and planning costs and may not be charged to the grant or loan. Program Funds may not be used for normal operating expenses, as solely determined by the Department.

#### **J. Loan and Grant Terms and Security**

All recipients of Grant funds will be required to execute a Grant Lien and Regulatory Agreement, a Promissory Note and a Deed of Trust. The Grant Lien and Regulatory Agreement and the Deed of Trust will be recorded in immediately successive lien positions. The lien positions occupied by the Program Grant Lien and Deed of Trust will be subject to the approval of the Department.

Grant Lien and Regulatory Agreements used for new, multifamily or cooperative housing have a term of forty (40) years. Rehabilitation grants have a term of twenty (20) years.

All recipients of Loan funds will be required to execute a Promissory Note, Deed of Trust and Regulatory Agreement. Loans may not be subordinated to local public agency loans or restrictions attached to these loans, unless the amount of the local agency loan is at least twice the amount of the Department's total assistance to the project, including both loans and grants per UMR Section 8315.

Loans will have 55-year terms, and bear simple interest at the rate of three percent per year. Unpaid principal and accrued and deferred interest will be due at the end of the loan term.

Agricultural Employers may receive no-interest loans with payment deferred until the housing is no longer used to house migrant farmworkers for at least 90 days each year, or 20 years, whichever is less. For loans made to Agricultural Employers, up to one-half of the loan is forgivable after 20 years. For terms of occupancy from 10 years to 20 years, forgiveness will be five percent per year after year 10 until such time as the housing is no longer used to house migrant farmworkers, or 20 years, whichever is less.

## **K. Application Review and Evaluation**

Applications will be reviewed and analyzed in the order in which they are received. Projects, however, will not be scheduled for presentation to the Local Assistance Loan and Grant Committee (“the Committee”) until Staff is satisfied that the application is complete, the amount of loan or grant request is appropriate, and that the project meets other underwriting and site and design criteria, as outlined in the Program Regulations at Sections 7204, 7206, 7208, and 7210. Depending upon the responsiveness of the applicant to requests for additional information, an application could be presented to the Committee before one that was submitted at an earlier date.

Applications will be initially reviewed for completeness and eligibility. Applicants must be eligible and must demonstrate their ability to proceed with construction or rehabilitation of the proposed housing development (“capacity”) [[Cal Code Regs., title 25, section 7204\(a\)\(2\)](#)]. The applicant must be record owner in fee of the assisted real property or provide other security that is satisfactory to the department to ensure compliance with the construction, financial and program obligations [Health and Safety Code Section 50517.5(d)(4)(A)]. The proposed housing development must be eligible per [Cal Code Regs., title 25, section 7204\(b\)](#) (references to agricultural households in 7204(b) shall be deemed to mean migratory agricultural worker households), including provision of assisted units; must maximize, to the greatest extent possible, occupancy by lower-income migratory agricultural worker households; and must be “affordable” per California Code of Regulations, title 25, section 7204 b(4). All proposed uses of Program Funds must be eligible per [Cal Code Regs., title 25, section 7206](#).

Only applications that are judged complete and eligible will undergo further evaluation by program staff to determine whether a positive (or negative) funding recommendation will be made to the Committee. That evaluation will include determining if proposed projects are consistent with the Program Statutes and Program Regulations, including underwriting and site and design criteria as outlined in the Program Regulations at Sections [7204](#) (a), (a)(2)-(a)(3) and (b) (references to agricultural worker households in the foregoing subdivision shall be deemed to mean migratory agricultural worker households), [7206](#) and Health and Safety Code section 50517.10, [7208](#) (b)-(h) (references to agricultural worker households in the foregoing subdivision shall be deemed to mean migratory agricultural worker households), and [7210](#). A detailed analysis of the financial aspects of the project will be made to determine if the amount of Program Funds are appropriate. That analysis will include a consideration of development and permanent financing, including other sources of subsidy; of operating budget projections; and of overall cost effectiveness. Additional information may be solicited from the applicant during this process.

Following this evaluation, Staff will schedule the project for presentation to the Committee. All applicants whose projects are to be presented to the Committee will be notified of the date, time, and place of the meeting. Applicants will be notified in writing of the Committee’s action. An application which receives a positive funding recommendation from the Committee and subsequent approval by the Director will receive an award package that contains the procedures, requirements, and any special conditions needed for closing. A project which receives a negative funding recommendation by the Committee will be sent a letter informing the applicant of the reasons for such rejection and of its rights to appeal the decision.

Loan or Grant proposals that are eligible for funding but are not considered for approval because of the unavailability of funds will be considered at the next Committee meeting at which funds are available and will be judged with other applications considered at that meeting [[Cal Code Regs., title 25, section](#)

[7214\(c\)](#)]. This means that unfunded applications may remain “active” for some time after the Department has stopped accepting further applications.

#### **L. Tie Breaker**

In the event that the Department receives multiple complete applications on the opening date (November 7, 2005) of the application submittal period, those applications will be deemed to have been submitted simultaneously. Should the combined funding requests of those applications exceed the amount of funds announced in this NOFA, the Department will rank applications based on the number of migratory agricultural workers housed. Those projects serving the greatest weighted number of migratory agricultural workers will receive priority using the following formula: the total number of migratory agricultural workers housed multiplied by the number of days per year the housing is occupied by migratory agricultural workers. If an additional tie breaker is needed, projects providing new migratory agricultural worker housing, as opposed to rehabilitation of existing migratory agricultural worker housing, will receive priority.

#### **M. Application Process**

Applications are to be submitted in duplicate and must be made on the forms provided by the Program. Application forms shall not be modified. Applications having material internal inconsistencies or lacking essential information will be considered incomplete and will be held pending clarification or correction.

In order to assure prompt consideration and correct evaluation, applicants are advised to pay special attention to [Cal Code Regs., title 25, section 7218](#), “Contents of Grant Applications” and to read the Application Package carefully, being sure to provide all required information and accompanying documentation. An application for a loan must comply with the requirements of section 7218 as though it was an application for a grant.

Please note that, per [Cal Code Regs., title 25, section 7218\(a\)](#), “The contents of the application and necessary supporting documents will vary with the source of the matching share which the applicant will use to finance the proposed housing development.” Projects that have already applied to USDA/RD, CalHFA, or other Departmental funding sources should submit: 1) the Serna Program Application (plus “Addendum A”); 2) a copy of the application (including all required attachments) submitted to one of the other funding sources mentioned above; and 3) a resolution from the appropriate governing body authorizing submittal of an application to the Serna Program. Projects utilizing other funding sources will need to submit: 1) the Serna Program Application (plus “Addendum A”); 2) the required documents found in Program Regulation at [7218\(c\), \(d\), and \(e\)](#), as appropriate (also listed in “Exhibit Checklists A and B” that accompany the Application); and 3) an authorizing resolution.

#### **N. Timeframes for Use of Program Funds**

Successful applicants shall enter into a Standard Agreement with HCD for a term of three (3) years from the date of contract execution. The Standard Agreement will require a recipient to meet, or evidence progress in meeting, certain pre-disbursement and special conditions during the first twelve (12) months of the contract. Failure to meet this requirement could result in disencumbrance of funds and cancellation of the contract.

## **O. Special Conditions**

Market analyses provided as part of applications, per [Cal Code Regs., title 25, section 7218\(c\)\(8\)](#), shall specifically address demand for migratory agricultural worker housing and the ability of local migratory agricultural workers to pay the proposed rents. Such analyses must take into specific account the migratory nature of the population being served.

Applications are limited to single sites and single activities. Separate applications must be submitted for multiple sites or for multiple activities at the same site. Each application will be considered on its own merits and without regard for “related” applications.

“**Migratory Agricultural Worker**” has the following meaning, as found at Cal Code of Regs., title 25, section 7602(i): “...an individual who:

- (1) has the employment status of one of the following:
  - (A) during the current or preceding calendar year, derived at least 50 percent of his/her total annual household earned income from agricultural employment, or
  - (B) can produce current evidence of a current job offer in agricultural employment; and
- (2) performs, has performed, or will perform such agricultural labor during the current or preceding calendar year under conditions which require roundtrip travel exceeding 100 miles per day such that he/she was unable to return to his/her chosen place of residence within the same day of labor; and
- (3) has resided together with his/her immediate family outside a 50 mile radius of the migrant center for at least 3 months out of the preceding 6 month period.”

For the purposes of this NOFA, the term “migrant center” found at (3) in the definition above may be interpreted to mean the housing development for which an application is requesting Program Funds.

## **P. Prevailing Wages.**

Applicants should be aware that SB 975 (Alarcón) became law on January 1, 2002. SB 972 (Costa) became law on January 1, 2003. Both of these bills make changes to [Section 1720 of the Labor Code](#). Any projects awarded Project funds under this NOFA may, with certain exceptions, be defined as “public works” and may be subject to the payment of prevailing wages. Construction estimates and budgets should be adjusted to reflect those facts, if applicable. Any questions of interpretation regarding the Labor Code should be addressed to the Director of the Department of Industrial Relations, the State department having jurisdiction in these matters.

## **Q. Disclosure of Application.**

Information provided in this application will become a public record available for review by the public pursuant to the Public Records Act. As such, any materials provided will be disclosable to any person making a public records request. As such, we caution you to use discretion in providing us with information that is not specifically requested, including but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information to the Department, the sponsor is waiving any claim of confidentiality and consents to the disclosure of all submitted material upon request.



## **R. Right to Modify or Suspend**

HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties.

Applicants may write, call, e-mail, or visit HCD's website for an application package at the address, telephone number, e-mail address or website listed below.

**Please direct your requests for applications or more information about this announcement to:**

Department of Housing and Community Development  
Joe Serna, Jr. Farmworker Housing Grant Program  
P.O. Box 952054, MS 390-8  
Sacramento, California 94252-2054  
(916) 324-0695  
(916) 327-6660 (FAX)  
or e-mail to: <mailto:cgaines@hcd.ca.gov>  
website: <http://www.hcd.ca.gov/ca/fwhg>

Thank you for your interest in the Joe Serna, Jr. Farmworker Housing Grant Program, Migratory Agricultural Worker Component.

Sincerely yours,

Kim Dunbar  
Assistant Deputy Director, Division of Financial Assistance